

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**FOUR HUNDRED TWENTY-SECOND**

**SEPT. 29, 2011**

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thurs. Sept. 29, 2011, in the Board Room at 100 Constitution Plaza, Hartford, CT 06103 Those present were:

Directors: Chairman Pace  
Vice Chairman Jarjura (present beginning 10:47 a.m.)  
David Damer  
Timothy Griswold  
Dot Kelly (present by telephone)  
Theodore Martland  
Scott Slifka  
Donald Stein  
Steve Edwards, Bridgeport Project Ad-Hoc  
Robert Painter, Mid-Connecticut Project Ad-Hoc  
Steven Wawruck, Mid-Connecticut Project Ad-Hoc

Present from CRRA in Hartford:

Tom Kirk, President  
Jim Bolduc, Chief Financial Officer  
Laurie Hunt, Director of Legal Services  
Peter Egan, Environmental Affairs and Environmental Director  
Nhan Vo-Le, Director of Accounting Services  
Lynn Martin, Risk Manager  
Paul Nonnenmacher, Director of Public Affairs  
Moirra Benacquista, Board Secretary/Paralegal

Others present: Dick Barlow, First Selectman of Canton, CT; John Hughes, The National Solid Waste Management Association; John Phillips, West Hartford, CT; John Pizzmenti, USA Hauling; Will Reynolds, Bollam Sheedy & Torani; Jim Sandler, Esq., Sandler & Mara; Cheryl Thibeault, Covanta.

Chairman Pace called the meeting to order at 9:45 a.m. and said a quorum was present.

**PUBLIC COMMENT**

First Selectmen of the Town of Canton, Mr. Barlow, said he was present in response to the Aug. 17, 2011, e-mail from CRRA management considering the possibility of a \$20.00 per ton recycling rebate. He said discussion with other municipal officials at the Capital Regional Council of Governments resulted in a variety of responses ranging from shock, amazement, disappointment and hope that this was going to happen. Mr. Barlow said the municipalities have been working diligently to

meet CRRA’s October 1, 2011, deadline for the new MSA’s. He said to have this offer provided at the last minute has made a tremendous impact on the municipalities.

Mr. Barlow said the municipalities have several questions including: how does this affect the tip fee, where is this money coming from, who is going to pay for it in the future, and why if this money was available before did it take CRRA to the eleventh hour to offer this rebate. He said there are some municipalities which chose other options which may have stayed with CRRA if that offer had been on the table before. Mr. Barlow said he is here to learn the answer to these questions and to report back to the municipalities.

Mr. Hughes said he is present on behalf of the National Solid Waste Management Association which represents the various haulers in the State of Connecticut. He said he is also present concerning the proposed \$20.00 recycling rebate. Mr. Hughes said many of the haulers act as advisors to the towns and are expressing concern over the timeline of this offering. Mr. Hughes said the haulers believe in open competition and open market and feel that this action is flying in the face of that concept. He said in addition the haulers are not sure where the subsidy is coming from. Mr. Hughes said he is here to make the haulers’ concerns heard and looks forward to hearing more information.

Chairman Pace said any and all decisions made by the Board are done so in the best interest of the municipalities, the tax payers and for the State’s interest in meeting the policy laid out by the Connecticut Department of Environmental Protection (hereinafter referred to as “CT DEP”) to increase recycling. He said these topics would be addressed further in the meeting.

**APPROVAL OF THE MINUTES OF THE JULY 28, 2011, REGULAR BOARD MEETING**

Chairman Pace requested a motion to approve the minutes of the August 25, 2011, Regular Board Meeting. Director Martland made a motion to approve the minutes, which was seconded by Director Stein.

The motion to approve the minutes as amended and discussed was approved by roll call. Chairman Pace, Director Damer, Director Edwards, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Slifka, Director Stein, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**MOTION TO ADD THREE ITEMS TO THE AGENDA INCLUDING: A CHANGE TO THE TELEPHONIC MEETING POLICY AND PROCEDURE; RESOLUTION REGARDING A MINIMUM REBATE FOR RECYCLING; AND A RESOLUTION FOR OPTIONAL RECYCLING DELIVERIES**

Chairman Pace requested a motion to add three items to the agenda including; a change to the telephonic meeting policy and procedures; a resolution regarding a minimum rebate for recycling; and a resolution for optional recycling deliveries.

The motion to add the before mentioned items to the agenda was made by Director Damer and seconded by Director Martland.

The motion was approved by roll call. Chairman Pace, Director Damer, Director Edwards, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Slifka, Director Stein, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**RESOLUTION REGARDING APPROVAL OF COMMERCIAL GENERAL LIABILITY, UMBRELLA LIABILITY, POLLUTION LEGAL LIABILITY AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE**

Chairman Pace requested a motion on the above referenced item. The motion was made by Director Martland and seconded by Director Griswold.

**RESOLVED:** That CRRA’s Commercial General Liability insurance be purchased from ACE American Insurance Company (Rating A+) with a \$1,000,000 limit, \$25,000 deductible, for the period 10/1/11 – 10/1/12 for a premium of \$211,539 as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA’s Umbrella Liability insurance be purchased from ACE Property & Casualty Insurance Company (Rating A+) with a \$25 million limit, \$10,000 retention, for the period 10/1/11 – 10/1/12 for a premium of \$158,552, as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA's Pollution Legal Liability insurance be purchased from Illinois Union Insurance Company (ACE) (Rating A+) with a \$20 million limit, \$250,000 retention, for the period 10/1/11 – 10/1/12 for a premium of \$243,012; as discussed at this meeting, and;

**FURTHER RESOLVED:** That CRRA's Commercial Automobile Liability insurance be purchased from ACE Fire Underwriters Insurance Company (Rating A+) with a \$1 million limit, liability coverage on all and comprehensive and collision on fourteen (14) passenger vehicles and light trucks with a \$1,000 deductible, for the period 10/1/11 – 10/1/12 for a premium of \$54,911.

Chairman Pace said this motion would be put aside until an eighth voting member of the Board is present.

### **RESOLUTION REGARDING APPROVAL OF THE 2011 YEAR END AUDIT**

Chairman Pace requested a motion on the above referenced item. The motion was made by Director Martland and seconded by Director Damer.

**RESOLVED:** That the Board hereby accepts the Annual Financial Report for the Fiscal Year Ended June 30, 2011, substantially as discussed and presented at this meeting.

Mr. Bolduc said Will Reynolds, a partner from Bollam, Sheedy & Torrani (hereinafter referred to as "BST") and Ms. Vo-Le, CRRA's Director of Accounting, were present to address the audit. He said the Finance Committee reviewed the audit at length during its last meeting.

Mr. Reynolds said the auditor's opinion is unqualified or what is known as a clean opinion. He said the audit was done according to generally accepted auditing procedures and government auditing procedures. Mr. Reynolds said in BST's opinion the financial statements present fairly in all material respects. He said BST did not audit management's discussion and analysis and some supplemental data.

Mr. Reynolds's said managements' discussion and analysis is prepared by CRRA and has always impressed him as being very thorough and in depth. He said there is some excellent detailed analysis on the contents of the audit.

Mr. Reynolds said pg. 27 contains the financial statement and balance sheet. He said items of note include the bonds payable which went down due to the refinancing of the Southeast bonds. Mr. Reynolds said a drop of \$7 million is reflected under the net assets. Mr. Reynolds said in addition total assets went down \$29 million.

Mr. Reynolds said pg. 28 shows the statement of operations. He said the service charge revenue is down about \$8 million due to the closure of the Wallingford Project and the reduction in tonnage. Mr. Reynolds said the operating expenses show distributions to the towns last year totaling \$1.6 million and \$2.6 million for this year. He said the operating loss this year was \$30 million and last year was \$14 million, primarily due to the two items he just mentioned. Mr. Reynolds said this flows through to the change in net assets. He said other income and expenses went from \$5.9 million down to negative \$1.2

million primarily as a state grant of \$5 million. He said one unusual special item of note was the \$2.3 million which was a gain on the early retirement of debt.

Mr. Reynolds said the cash flow statement is a useful document. He said most of the footnotes are similar to those noted in prior year. Mr. Reynolds said on pg. 32 note 1G indicates that CRRA wrote off a coal inventory of \$111,000 which was identified as obsolete and is a one-time unusual item. He said on pg. 38 another significant item under cash deposits and investments is the STIF assets which dropped significantly due mostly to distributions to towns. Mr. Reynolds said there is a description in footnote 3 on pg. 38 of the changes in capital assets. He said another unique item is the early retirement of debt on pg. 39. He said this discusses the re-funding and mentions the bond generated savings which totals \$8 million over the life of the issue which generated the \$2.3 million mentioned on pg. 4.

Mr. Reynolds said the remaining footnotes are fairly standard. He said pg. 48 talks about contingencies under the Mid-CT project. He said the arbitration proceeding and claims made by MDC, as well as the fact that CRRA is changing operators is noted. Mr. Reynolds said the conclusion from CRRA's legal counsel is the matter is too preliminary to estimate the potential exposure.

Mr. Reynolds said the supplemental information beginning on pg. 49 is useful to an organization which has many pieces as it breaks out both the balance sheet and statement of operations by division and project.

Director Stein said asked how a net cost of operations organization reconciles a consistent pattern of net loss of operations from what is charged to the towns. He asked if money is being taken out of contingencies and out of capital funds, when will those funds run out. Director Stein asked how CRRA operates when there is an operating loss across the board for the last three years.

Mr. Bolduc explained the towns generally look at the development of the net cost of the budget, a term for the net cost of operations for the budget which emanates from the MSA's and the bond indentures. He said the MSA's and the bond indentures describe the methodology for coming up with that number, which for all practicality is on a cash basis. Mr. Bolduc said these numbers are under GAAP accounting, an accrual basis of accounting. He said for example the method of accounting for the \$15 million distribution.

Mr. Bolduc said it is not recognizable in the budget under the profit and loss because it has already been in the reserve account so the cash comes out of the balance sheet and gets distributed under the MSA's as it was already put aside years ago. He said for accounting purposes under the GAAP it becomes a charge. Mr. Bolduc said out of that \$30 million loss there is about \$20 million associated with that accrual which has nothing to do with the cash because the cash was already sitting over in two accounts in the balance sheet under restricted assets. Mr. Bolduc said the term "net cost of operation" does not relate to the balance sheets in terms of Mid-CT.

Director Stein said the Mid-CT Project is showing an operating loss of \$11 million. He asked how that fits into the net cost of operations of having a sustainable operation if \$11 million a year is being lost the operation is not sustainable. Mr. Bolduc replied that this is on an accrual basis. He said management may accrue things such as contingencies for litigation but that does not mean CRRA will

lose those funds, however they must be accrued for. Mr. Bolduc said depreciation is also a big factor. He said this form of accounting is not a town or private sector budget but it in between.

Director Painter said after reviewing the audit he cannot find a line item for the PILOT payment. Mr. Bolduc said it is an expense and it can be found on pg. 51. He said the PILOT is contained in the solid waste operations number. Director Painter asked what else is in that number. Mr. Bolduc said the cost for the PBF, WBF, and EGF are all consolidated in there. He said he can break that number out for Director Painter. Mr. Bolduc said that number is also broken out in more detail in the budget.

Chairman Pace asked Mr. Reynolds if there is anything in this audit that doesn't show that CRRA is not progressing forward. Mr. Reynolds replied no. He said BST reviews that budget reconciliation and the MSA arrangement as CRRA as a whole puts great stock in that and wants to be sure it can reconcile between the two.

Mr. Reynolds said pg. 56 shows a required auditors report on internal control over financial reporting and compliance which BST provides. He said BST "did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses". Mr. Reynolds said the results of the compliance tests disclosed no instances of non-compliance or other matters which would be required to be reported. He said there is another required certification relating to bond and investment matters for which there is nothing of note.

Mr. Bolduc said CRRA does not have encumbrances. He explained if an item is voted on, that money is put aside in a reserve. Mr. Bolduc said cash is not left unrestricted except for working capital and the other amounts are designated for specific purposes and only through the Board's action.

Director Griswold asked about the disposition of the City of Hartford Recycling Education fund. Mr. Bolduc explained the funds were tied into the PILOT and a piece was designated to a specific program under the control of the City of Hartford. Mr. Egan said this reserve holds money which CRRA pays to the City of Hartford under an old PILOT agreement. He said historically about \$100,000 a year was placed in a reserve which was used to pay the recycling coordinator of the City of Hartford.

Mr. Egan said in recent years the City did not request reimbursement and the funds built up to about \$400,000. He said a new solid waste coordinator came into the City a couple of years ago, Marilyn Cruz Aponte, who began putting together a formal budget to use the \$400,000. Mr. Egan said she plans to use about \$300,000 for a variety of different recycling initiatives around the City for which CRRA will provide reimbursement when the funds are spent. Mr. Egan said as a result of an outcome of the Hartford Landfill Settlement Agreement with the City of Hartford in 2007 the \$100,000 a year was increased to \$150,000 a year, which continues through FY'13.

Chairman Pace asked if the City of Hartford's recycling projects are sustainable projects. Mr. Egan replied yes. He said for example the City is initiating an education program on single stream recycling and has acquired assets for that education and recycling containers.

Ms. Vo-Le said the year end audit went well and smoothly. She said she is pleased with the audit and thanked the accounting and finance department, senior management and BST for their hard work. Ms. Vo-Le personally thanked Mr. Bolduc and the CRRA Board for their interest and support in

planning and conducting CRRA finances. Director Martland noted the accounting department has received an award for its audits for nearly ten years running.

Chairman Pace thanked Mr. Bolduc, Ms. Vo-Le and the accounting department for their hard work.

The motion previously made and seconded was approved by roll call. Chairman Pace, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Slifka, and Director Stein voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**RESOLUTION REGARDING APPROVAL OF CONTRIBUTION TO MID-CONN RISK FUND**

Chairman Pace requested a motion regarding the above captioned item. Director Martland made the following motion which was seconded by Director Griswold.

**WHEREAS:** The Mid-Connecticut Project will expire on November 15, 2012 and the Authority is accordingly analyzing the adequacy of its reserves to meet potential Project exposures, risks and liabilities; and

**WHEREAS:** The Connecticut Resources Recovery Authority has evaluated the Mid-Connecticut Project’s Risk Fund Reserve in light of the above-noted analysis and, in consultation with its counsel, has determined that it is prudent to add an additional \$3,500,00 at this time;

**NOW, THEREFORE, BE IT:**

**RESOLVED:** That \$3,500,000 be added to the Mid-Connecticut Project Risk Fund Reserve from FY11 Mid-Connecticut operations; and;

**FURTHER RESOLVED:** That, in the event that any moneys remaining in the Risk Fund at the end of the Mid-Connecticut Project are ultimately determined to be surplus to project liabilities, they will be appropriately returned to the current Mid-Connecticut project municipalities.

Director Painter asked why \$3.5 million is needed. Chairman Pace replied that there are a variety of items which were discussed previously in Executive Session. Director Damer noted that the final “Further Resolve” notes if these dollars “are ultimately determined to be surplus to project liabilities, they will be appropriately returned to the current Mid-Connecticut project municipalities.”

The motion previously made and seconded was approved by roll call. Chairman Pace, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Slifka, Director Stein, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**POLICIES & PROCUREMENT COMMITTEE**

**RESOLUTION REGARDING MUNICIPAL GOVERNMENT LIAISON SERVICES**

Chairman Pace requested a motion to withdraw the above captioned item and below referenced resolution from the agenda. Director Martland made the motion to withdraw which was seconded by Director Griswold.

**RESOLVED:** That the President is hereby authorized to execute and agreement for municipal government liaison services with Brown Rudnick Government Relations Strategies LP for the period from November 1, 2011, through June 30, 2014, substantially as presented and discussed at this meeting.

Director Damer said that he believes that the contract dates were misread and this item went out to bid inadvertently. Director Slifka asked if the intent is to bring this item back the following year. Chairman Pace said yes. He said the Board will address this item in a year. Mr. Kirk said the existing agreement has one year left and an RFP was inadvertently done a year earlier than needed. Director Slifka expressed his concern that this resolution would violate the ban on CRRA hiring lobbyists that the State of Connecticut passed effective January 1, 2003. He said given this is an older contract, management has likely addressed this issue before, however given his timing and arrival to the Board he would like to hear more about that. Director Slifka said he had also received an e-mail from what he assumes is the losing bidder. He said the RFP issuance happened roughly a week before he joined the Board.



Director Stein said the questions which have been raised concern the statutory language relative to employing a lobbyist. He said before an RFP goes out that question has to be clarified in terms of legalities and qualifications of a potential contractor. Mr. Kirk said the RFP process is managed through the Policies and Procurement Committee and will be brought back through that Committee before being brought to the full Board.

Chairman Pace said as a result of this discussion he is appointing Director Stein to the Policies and Procurement Committee. Director Stein agreed to the request.

The motion previously made and seconded to withdraw this item was approved by roll call. Chairman Pace, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Slifka, and Director Stein voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**RESOLUTION REGARDING EMERGENCY PROCUREMENT OF A DOZER FOR COMPACTION SERVICES**

Chairman Pace requested a motion regarding the above captioned item. Director Damer made the following motion which was seconded by Director Martland.

**RESOLVED:** That the CRRA Board of Directors ratifies the Emergency Procurement as substantially presented and discussed at this meeting.

Director Damer said the Policies & Procurement Committee discussed this item at length at its last meeting. He said the existing dozer that CRRA owns and operates had an issue with its cooling system and a dozer was needed immediately to operate the facility during the two weeks CRRA's was fixed.

Director Griswold said under the memo there is a reference to an unpaid bill. Mr. Kirk said in order to get the machine on site a long outstanding balance issue with H.O. Penn had to be taken care of. He said he cannot speak to the specifics of how it occurred or why it was not paid by our contractor which would have been typical, however; CRRA was satisfied that the funds were due to H.O. Penn. He

said whether it should have come out of MDC’s budget or a separate budget by CRRA will be determined.

Director Griswold asked if CRRA can back-bill MDC if it was the responsibility of MDC to pay that bill. Mr. Kirk said if it had been MDC’s responsibility to pay the bill it would have been passed through to CRRA eventually with an additional 15% mark up. He said had it not been a direct pass through it would have been a more difficult issue to solve. Mr. Kirk said administratively it is important not to double pay and management is comfortable that is not the case here.

Mr. Egan said this dozer is used to compact garbage on the tip floor and refuse derived fuel in the RDF hall to essentially make more room. He said it increases the density of waste and allows CRRA to manage more garbage. Mr. Egan said a larger machine is best for this service.

The motion previously made and seconded was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Slifka, Director Stein, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**RESOLUTION REGARDING APPROVAL OF INSURANCE RENEWALS**

Chairman Pace asked that this motion, which was previously made by Director Martland and seconded by Director Griswold, be brought forward.

**RESOLVED:** That CRRA’s Commercial General Liability insurance be purchased from ACE American Insurance Company (Rating A+) with a \$1,000,000 limit, \$25,000 deductible, for the period 10/1/11 – 10/1/12 for a premium of \$211,539 as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA’s Umbrella Liability insurance be purchased from ACE Property & Casualty Insurance Company (Rating A+) with a \$25 million limit, \$10,000 retention, for the period 10/1/11 – 10/1/12 for a premium of \$158,552, as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA's Pollution Legal Liability insurance be purchased from Illinois Union Insurance Company (ACE) (Rating A+) with a \$20 million limit, \$250,000 retention, for the period 10/1/11 – 10/1/12 for a premium of \$243,012; as discussed at this meeting, and;

**FURTHER RESOLVED:** That CRRA's Commercial Automobile Liability insurance be purchased from ACE Fire Underwriters Insurance Company (Rating A+) with a \$1 million limit, liability coverage on all and comprehensive and collision on fourteen (14) passenger vehicles and light trucks with a \$1,000 deductible, for the period 10/1/11 – 10/1/12 for a premium of \$54,911.

Mr. Bolduc said management goes through insurance renewals twice a year. He said Ms. Martin, Risk Manager, works with AON Risk Services, CRRA's insurance broker and consultant, to acquire insurance for CRRA. He said the Finance Committee reviewed this item in great detail and noted the policies expire at the end of the week and need to be renewed. Mr. Bolduc said management strives each year to bring the numbers for approval earlier however CRRA does not drive the insurance market and responders are always reluctant to provide numbers any earlier.

Mr. Bolduc noted the last page summarizes the policies CRRA goes out for in exhibit III. He said CRRA goes out for general liability, the umbrella policy, pollution liability and auto liability at this time of year. Mr. Bolduc said CRRA's current annualized premiums are \$671,000 and the proposed renewals are about \$667,000. He said management was able to achieve a reduction of the actual premium from year to year. Mr. Bolduc said management also looks at how it impacts the budget which is annualized because CRRA is on a fiscal year and insurance carriers operate from October – September. He said the current premium proposals for these policies are coming in under the budget and are about \$3,000 under the premium made the prior year.

Ms. Martin said Aon Risk Services marketed these various policies to eleven markets, as shown in Exhibit II. She said most carriers declined to quote due to fear of the exposures or inability to compete with the premiums or terms CRRA has been successful in achieving with ACE. Ms. Martin said ACE came back with a very good program and even improved on the premiums they provided CRRA last year.

Ms. Martin said pg. 4 shows the recommendation and the overall decrease from the prior year of about 1%. She said some of the positive aspects of the contract with ACE are highlighted on pg. 5. Mr. Bolduc said management did test the market to do an evaluation of what the premium reduction would be with a higher deductible. He said the eventual conclusion was there was not enough savings to make a shift worth it and the exposure was not worth a reduced premium.

Director Damer asked if the reductions in premium were a result of the market or improved experience by CRRA. Ms. Martin replied that it is a mixture of both. She said that ACE enjoys CRRA's business and in addition is aggressive to keep it, likely because of the profit they achieve as CRRA's claims experience has been good. She said the market has much more overall casualty capacity.

Mr. Bolduc said AON had explained at their presentation to the Finance Committee that there will be changes when they go back out for property coverage in April as that market is hardening.

The motion previously made and seconded was approved by roll call. Chairman Pace, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Slifka, and Director Stein voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**RESOLUTION REGARDING COMPUTER INFORMATION CONSULTING SERVICES (CONTRACT WITH WALKER)**

Chairman Pace requested a motion regarding the above captioned item. Director Damer made the following motion which was seconded by Director Stein.

**RESOLVED:** That the President is hereby authorized to execute an agreement for computer information consulting services with Walker Systems Support for the period from October 1, 2011, through June 30, 2012, substantially as presented and discussed at this meeting.

Director Damer said this resolution is for a new three year contract for Walker Systems Support which has supported CRRA for the last six years. He said as there is only one full time computer specialist at CRRA, Walker backs up that employee as well as providing expertise in other areas as needed.

Director Griswold asked if this resolution is for \$49,860 in one year, and this is a 33 month commitment, if the Board is actually looking to approve \$50,000. Director Damer said it is for \$50,000 per year for the life of the contract. Mr. Egan said the last year is a stub year, it ends June 30, 2014, and CRRA will not likely spend \$50,000 that year and also may not in any year however management thought it was best to come to the Board for that approval just in case.

Director Edwards asked what the materials referenced are for. Mr. Kirk said small incidentals such as a cables and other minor hardware items but not capital items such as computers.

The motion previously made and seconded was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Slifka, and Director Stein voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**RESOLUTION REGARDING A CONTRACT WITH STEVEN YATES FOR ENVIRONMENTAL CONSULTING SERVICES**

Chairman Pace requested regarding the above captioned item. Director Martland made the following motion which was seconded by Director Damer.

**RESOLVED:** That the President is hereby authorized to enter into a contract with Steven Yates for environmental consulting services, substantially as discussed and presented at this meeting.

Mr. Egan said Mr. Yates had worked in his department as air compliance manager and retired at the end of June. He said this personal service agreement allows CRRA to call upon Mr. Yates for his institutional knowledge as necessary. Mr. Egan said Mr. Kirk has authority to hire a contractor for up to \$10,000 in such a situation. He said this was done in June for Mr. Yates who will complete a number of projects for CRRA in July – Sept as his replacement is brought up to speed. Mr. Egan said these funds are to supplement the amount which has already been spent in the event that his services are needed. He said there are several projects where Mr. Yate’s experience will be needed and he is currently supporting the employee who took over many of his responsibilities.

Director Stein asked if he was correct in saying there is someone else taking over Mr. Yate’s responsibilities and he is basically there to provide that transition until that other employee is brought up to speed. Mr. Egan said that was correct. He said the alternative would be to use another existing air consultant which would be in the price range of \$150 an hour.

The motion previously made and seconded was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Slifka, and Director Stein voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**RESOLUTION REGARDING INSTALLATION OF GREENHOUSE GAS MONITORS AT THE CRRA MID-CT RESOURCE RECOVERY FACILITY**

Chairman Pace requested a motion regarding the above captioned item. Director Martland made the following motion which was seconded by Director Damer.

**RESOLVED:** That the President is hereby authorized to pay additional funds to the Power Block Facility operating contractor, Covanta Mid-Conn, Inc. associated with installation of greenhouse gas monitoring equipment on each of the three municipal waste combustor units, substantially as discussed and presented at this meeting.

Mr. Egan said about a year and half ago the Federal Government passed a regulation which required waste to energy facilities to install monitoring equipment to continuously monitor carbon dioxide. He said Covanta, CRRA’s operator at the Power Block Facility, began looking at the plants’ it operated to develop a plan for installing this equipment. Mr. Egan said Covanta is responsible for compliance with environmental law at the facility. He said Covanta came to CRRA with an estimate for installing monitoring equipment of \$287,000 in 2010, which CRRA is obligated to pay under the change in law provision in the contract CRRA had with Covanta.

Mr. Egan said the estimate which flowed from the scope of work provided by Covanta was low and exceeded its estimate. He said CRRA cannot pay Covanta the additional amount without Board approval because this was not originally in the capital plan and the funds cannot be moved around without Board approval. Mr. Egan said the increase in cost has to do with how Covanta scoped the work and costs associated with installing some of the platforms to support the equipment and various electrical and wiring configurations estimates.

Chairman Pace asked if CRRA is obligated to pay for something Covanta erred on. Mr. Egan replied yes. Director Griswold asked if this was a contract. Mr. Egan said Covanta engaged several contractors for different components of this activity, purchasing equipment, fabricating additional support structures and platforms to hold the equipment, bringing in an electrician to wire the system, and

another contractor to run the tubing and conduit necessary to take the gases from the boiler train down to instruments. He said CRRA’s contract with Covanta is for the facility operation and maintenance.

Chairman Pace asked Ms. Hunt if CRRA is legally obligated to pay for this. Ms. Hunt replied yes. Director Slifka asked why CRRA is paying for a miscalculation. He asked Ms. Hunt if management is concluding the only option is litigation and therefore not worth the expense or does this contract dictate that CRRA has to pay no matter what. Mr. Egan said the contract states that CRRA has to pay Covanta for costs associated with the equipment. He said CRRA could try and litigate however he does not feel CRRA has a defensible position.

Mr. Egan said as he understands the situation Covanta did not include in the original scope of work certain items which they should have when they sought cost estimates, which became apparent to CRRA in March 2011. Director Slifka said Covanta should have told management about the mistake earlier and the Board would have presumably approved a higher number.

Director Edwards asked if management was informed of the problems as Covanta went along. He asked at what point management knew Covanta was going over budget. Mr. Egan said management was informed in March and was not up to speed from week to week. He said had it come to management’s attention earlier they would have been back to the Board sooner to seek authority for the increase.

Director Stein asked if management authorized this by a task order or contractual modification. He asked if there was a scope of work and estimate that CRRA looked at prior to approving the work. Mr. Egan replied that an overview of those numbers was provided and detailed in the Sept. write-up.

The motion previously made and seconded was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Slifka, Director Stein, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**BREAK**

Chairman Pace said the Board would take a five minute break. The break began at 11:05 a.m. and ended at 11:09 a.m.

**RESOLUTION REGARDING THE NEW POLICY AND PROCEDURE FOR THE PAYMENT OF HOST FEES AND PILOTS**

Chairman Pace requested a motion regarding the above captioned item. Director Martland made the following motion which was seconded by Vice-Chairman Jarjura.

**RESOLVED:** That the Board of Directors hereby approves the new **POLICY AND PROCEDURE FOR THE PAYMENT OF HOST FEES AND PILOTS** substantially as presented and disused at this meeting.

Mr. Kirk said management created this resolution in order to have a policy to address PILOT's and fees as many new contracts are coming up. He said management researched how the State of Connecticut addresses local concerns when facilities are taken off of tax rolls in past years. He said CRRA is exempt from paying taxes and fees to governments of any kind however; it has been the practice, and will management believes it will continue to be so, for CRRA to recognize through host fee or PILOT the host community where CRRA facilities are located.

Mr. Kirk said CRRA has distilled the practices of the State facilities from universities, training facilities, schools, prisons, hospital etc. to find the most conservative (highest) property tax or PILOT calculation and distilled it into this policy and procedure. He said it was added into section three of the Board Policy and reserves for the Board's ability to set a PILOT at whatever level it deems appropriate.

Mr. Kirk said this is guidance for management to provide budgeting systems to the Board and does not compel the Board to set any particular PILOT level. He said the proposed policy is essentially the appraised value, times 70%, times the mill rate in the particular municipality in which the facility resides. Mr. Kirk said it has been properly noticed for thirty days as required.

After substantial discussion the Board agreed to table this item.

**MOTION TO TABLE THE RESOLUTION REGARDING THE NEW POLICY AND PROCEDURE FOR THE PAYMENT OF HOST FEES AND PILOTS**

Chairman Pace requested a motion to table the new policy and procedure for the payment of host fees and pilots. The motion to table was made by Director Stein and second by Director Martland.

**RESOLVED:** That the Board of Directors hereby approves the new **POLICY AND PROCEDURE FOR THE PAYMENT OF HOST FEES AND PILOTS** substantially as presented and disused at this meeting.

The motion previously made and seconded to table the above referenced motion was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Slifka, and Director Stein voted yes.



<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct			

**RESOLUTION REGARDING AUTHORIZATION OF REVISIONS TO THE CONNECTICUT RESOURCES RECOVERY AUTHORITY TELEPHONIC MEETING POLICY AND PROCEDURE**

Chairman Pace requested a motion regarding the above captioned item. Director Martland made the following motion which was seconded by Vice-Chairman Jarjura.

**RESOLVED:** That the Board hereby adopts the revised Telephonic Meeting Policy and Procedure substantially as presented and discussed at this meeting.

Mr. Kirk said there is some significant history behind this resolution. He said in 2003 when the CRRRA Board was reconstituted it was intensely focused on accountability and openness. Mr. Kirk said in order to underline those issues the Board self-imposed a restriction which required that six directors be present in the room physically before a meeting could start, which went above and beyond quorum requirements.

Mr. Kirk said this policy has become limiting and is increasing the length of meetings. He said management is suggesting the need for this restriction is not there any longer, and participation by phone is a convenience to the Directors which also allows meetings to start earlier and move faster. He said the public will not be impacted as they are always welcome to attend the public meetings in person.

Mr. Kirk said this change may shorten meetings. He said given possible changes with elections coming up there may be quorum issues beginning in November if this restriction is still in place. Mr. Kirk said management sought legal counsels' opinion to confirm the process for filling vacancies, in particular when municipal officials are not reelected. He said counsels' response, as it has always been, is that a Board member stays on until they are replaced. Mr. Kirk said in the event a municipal official declines to run again they stay on the Board until a replacement is appointed. He said management will work with the appointing officials to ask them to consider replacing an appointment if there is a status change, but in order for the Board to continue to function, the statute is very clear a Board member stays on until replaced.

Chairman Pace said he feels there is a synergy and better discussion when Board members are present in person. He said this policy may make business easier to conduct however; on the down side there may be a loss of synergy.

Director Stein asked if this is only for Special meetings. Ms. Hunt replied no, it would apply to regular meetings. She said generally this policy was meant to address special meetings however; it was management's intent to allow for a quorum in the room if there are fewer than eleven directors in place. Ms. Hunt said she agrees with Chairman Pace when the Board has the full eleven Directors that six in the room should not be a challenge. She said however; there are currently only nine Board members, one of which has an extensive traveling schedule, in addition to other issues, and as a result it is very difficult to get six Board members in the room.

Director Damer asked if this would change the requirement for two of the members present to be municipal officials. Ms. Hunt replied no as that was a statutory requirement. Director Martland said many of the appointing officials who are responsible for appointing Board members do not get around to that task and that vacancy is invariably a town representative, which makes it difficult to secure municipal representation.

Director Slifka said he was in favor of this resolution. He said this is a direction he is seeing on many of the Boards he serves on. Director Slifka said he agrees it is better to participate in person if possible, but if there is an obligation this policy allows for work to carry on.

Vice-Chairman Jarjura said he is also in support of this policy. He said he is a little concerned as there will be a move to change the Board's make-up in January/February and he wonders if this policy will affect that. Mr. Kirk said no. He said management intends to ask the Legislature to consider a change in governance with the cooperation of the towns. He said he will expect the CRRA Board to grow to 15 members and that he hopes that the current Ad-Hoc members will be promoted to Directors.

Director Kelly said she has an hour and half commute either way. She said she has come to meetings to find despite having someone on the phone; the Board is unable to start. Director Kelly said she will certainly try and make it to meetings however; the added pressure to attend and then the wait for some time start to the meeting is very disappointing. She said the flexibility would be nice but agrees with the consensus that when possible one should try and attend in person.

**CONSENSUS TO SEND THE RESOLUTION REGARDING AUTHORIZATION OF REVISIONS TO THE CONNECTICUT RESOURCES RECOVERY AUTHORITY TELEPHONIC MEETING POLICY AND PROCEDURE TO THE POLICIES & PROCUREMENT COMMITTEE FOR FURTHER DISCUSSION**

Chairman Pace made a motion to send the above referenced resolution to the Policies & Procurement Committee for further discussion. Director Martland seconded the motion to send the following resolution to the Committee:

**RESOLVED:** That the Board hereby adopts the revised Telephonic Meeting Policy and Procedure substantially as presented and discussed at this meeting.

Mr. Kirk said the intent of this policy was to allow the Board to relax its self-imposed restriction at regular meetings. Chairman Pace suggested that this policy be referred to the Policies and Procurement Committee for further vetting before returning to the full Board for approval. The Board agreed.

Mr. Kirk apologized for the rush to bring this resolution to the Board. He expressed concern that the November meeting may have quorum issues due to elections.

The motion to send this motion to the Policies and Procurement Committee was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Slifka, and Director Stein voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct			
Steve Wawruck, Mid-Ct			

**RESOLUTION REGARDING MINIMUM REBATE**

Chairman Pace requested a motion regarding the above captioned item. Director Martland made the following motion which was seconded by Director Damer.

**WHEREAS**, CRRA has provided to the many Municipalities of Connecticut the opportunity to enter into Municipal Services Agreements (MSAs) for the disposal of waste and the processing of recyclables at an efficient, publically owned system operated by CRRA on a cost of service basis; and,

**WHEREAS**, Municipalities are encouraged by CRRA to consider their individual municipal interests in deciding the most beneficial providers of these important services; and,

**WHEREAS**, pursuant to the MSAs, CRRA agreed to provide Recycling Rebates to the Municipalities in order to encourage recycling, enhance the environment and implement the State Solid Waste Management Plan, and

**WHEREAS**, the MSAs do not presently provide for a minimum or assured Recycling Rebate or a minimum dollar amount for and Recycling Rebate provided; and

**WHEREAS**, all the Municipalities, haulers, commercial and residential waste generators benefit from and enjoy lower disposal costs when CRRA maximizes its facilities' MSW capacity utilization; and

**WHEREAS**, CRRA's capacity utilization is maximized when municipalities participate with Tier 1 Municipal Services Agreements; and

**WHEREAS**, Municipalities opportunity to participate in CRRA's Tier one MSA is enhanced by the adoption of an assured rebate for recyclables:

Therefore, be it

**RESOLVED:** That the Board of Directors acknowledge and approves of a revision to the CRRA Tier 1 MSA to provide for an assured rebate for recyclables delivered by Municipalities to CRRA facilities, substantially as presented and discussed at this meeting.

Chairman Pace said CRRA is a quasi-public and was set up to react as a business entity. He said it is CRRA's responsibility to provide the best and most efficient services to the towns for the State of Connecticut. Chairman Pace said he has heard many complaints related to recyclables, in particular the lack of guaranteed rebate, and as a result he requested that management look into recycling offers to appease the towns. He said in response to comments asking "why is this being done now" that this decision, as in a business, was made due to the opportunity and at the request of our customers.

Mr. Kirk provided the Board with background information concerning this offer. He said about two years ago management reached out to the member towns for their insight concerning the new MSA's. Mr. Kirk said well over 50 official comments and hundreds of other comments were addressed by management using the 4 Tier offers which were provided for the towns.

Mr. Kirk said one issue recently raised in the last few weeks was the issue of recycling rebate guarantees. He said historically CRRA has subsidized recycling with the tip fee. He explained a tip fee for recycling was never charged, and when recycling as a division lost money, it was made up with subsidies from trash fees. Mr. Kirk said three or four years ago the recycling market changed and a profit began to be made from recycling. He said accordingly the Board examined the costs and revenues of recycling in the context of the system and declared rebates of \$10, \$5 and \$5 each of the last fiscal years. He said the performance in recycling revenues yields about \$39 a ton today.

Mr. Kirk said the issue for the towns in the context of their desire to meet CRRA's target date of Oct. 1, 2011, is that other options have made available to them. He said in particular there were guarantees of recycling rebates attractive to many towns and guarantees of recycling attractive to towns which were geographically closer to private processing facilities such that they could save money on transportation. He said importantly, there is no financial change under consideration, as the money for the rebate is from commodity sales as in past years. Mr. Kirk said the only difference is the Board would be guaranteeing towns a minimum rebate for their evaluation purposes. He said, absent this guarantee the Board would likely be authorizing the same rebate anyway.

Mr. Kirk said after consultation with the Board and a number of the member town's management suggested and communicated to the town's consideration of a \$20 minimum rebate. He said this would have solved much of the towns' concerns by allowing them to assume a rebate into their evaluations greater than zero and to better manage the decision making process on which vendor to use for recyclables. Mr. Kirk said it did not address the issue of geographical concerns of some towns for which they would still have to haul their recyclables at considerable expense down to Hartford.

Mr. Kirk said to address the geographical concerns of some towns management has provided option 2 (seen in the handout) which solves the geographic problem by allowing Tier 1 towns to have the option of not participating in CRRA recycling. He said Tier 1 currently requires recycling deliverables be brought to CRRA. Mr. Kirk said there is not a compelling reason to require Tier 1 to bring its' recycling to CRRA. He said management suggests the Board consider relieving Tier 1 towns of the obligation to deliver recycling so that towns with geographical alternatives can still enjoy the benefits of the Tier 1 contract (low costs, no worries, no put or pays, full faith and credit) and still take advantage of the best deal out there for recyclables. Mr. Kirk said this also allows for towns which consider a minimum rebate important, and have the option to do so, to take advantage of a minimum rebate as well. He summarized there are two options the Board is free to choose from, or they can choose both. Mr. Kirk said this address the concerns of the towns and allows them to enjoy CRRA's lowest cost services, and if the opportunity exists for that town, to opt-out of CRRA recycling services and take advantage of the private sector. Mr. Kirk said the option to allow tons to opt out of recycling reduces the need for a guaranteed rebate.

Mr. Kirk provided some information on the \$20 rebate. He said right now CRRA is receiving revenue of about \$37-\$39 a ton with guaranteed minimum revenue of \$19 a ton. Mr. Kirk said however; the Board has historically used that revenue for things like the museum, transportation, and operation and maintenance of the Murphy Rd. building. He said the Board can continue to do this, or it can pay a \$39 a ton rebate to the towns. Mr. Kirk said it is important to note that the Board has made decision on a rebate in context to what the Board spends on important issues such as the museum or Murphy Rd. He said the market currently allows for a high rebate however; he does not expect the market to continue at these historic highs and it is important to consider that if the Board wants to continue that rebate it may have to supplement that rebate with money from the trash tipping fee, which has been done for decades prior, before recycling became more profitable.

Mr. Kirk said a minimum rebate is simply a cost line item in the recycling budget. He said if the Board chooses to accept and require a minimum \$20 rebate; it is a cost of recycling, which will be borne by revenues. He said if those revenues are insufficient the Board can, and has in the past, supplemented those costs from revenues from other sources, typically the tip fee.

Director Martland asked how a \$61.50 tip fee can be guaranteed with a recycling rebate of \$20. Mr. Kirk said CRRA is not guaranteeing the tip fee. He said CRRA will offer an option to opt out if the \$61.50 tip fee cannot be sustained.

Director Edwards said that CRRA is in the same position that SWEROC was when the 19 original towns were reduced to 11. He said there may be future issues concerning support for the Trash Museum. Director Edwards cautioned management to learn from SWEROC's experience.

Director Kelly said that this is a competitive environment. She said what she likes about what the State of Connecticut did in forming CRRA was to recognize that government is often slow to react. Director Kelly said through her experience in the waste business, part of the success of a waste management company is to have the waste, including recyclables. She said she is concerned about providing a rebate and with CRRA reviewing its role. Director Kelly said at the same time she wants CRRA's customers to know CRRA is doing everything it can to be competitive. She said CRRA needs to be aggressive as the private haulers sharpen pricing. Director Kelly said these are volatile markets and she is very much in favor of providing the \$20 per ton guarantee as she believes it is a competitive response.

Director Stein said he looks at this offer in many ways. He when someone says we are going to offer you an additional \$20 a ton in revenue it is almost too good to be true, but how do you turn it down? Director Stein said he has always been skeptical about net cost of operations, how it relates to a profit motive and how you calculate net cost of operations. He said he is not hearing that there is new data available except for the threat of serious competition. He said he has not heard that the financial information has changed.

Director Stein said the MAC Committee has been working to improve communications and the relationship with CRRA and there has been much iteration of the MSA's and the pricing structure. He said he is troubled that after competition there is suddenly this \$20 a ton and he wonders why it wasn't offered earlier. Director Stein said he would not turn down the opportunity to make more money for his town but questions why this information was not available to the towns earlier and what has changed. He said this is action the industry would take however CRRA is not industry it is a quasi-public.

Mr. Kirk replied there is in fact no new revenue; this is just recognition of the revenue already contracted for. He said in this proposal CRRA is providing its customers with a guarantee funded from already existing contracts. Mr. Kirk said the money would be there with or without a guarantee and the guarantee would restrict the Board's ability to use the money elsewhere.

Chairman Pace replied that the purpose of having a quasi-public is so the quasi can react to the marketplace. He said CRRA customers have been saying more and more that they would like to see a rebate and indicated they were interested in bringing recycling elsewhere. Director Stein said he was not arguing that point. He said he was questioning when the offer went out, or when the bid was made to the CCSWA, the net cost of operations implied that the absolute minimum cost of operations would be applied and everything net of that would be made available to the customers. He asked why this offer could not be made six months ago, and what net cost of operations, financial data, and revenues have changed in that period of time.

Mr. Kirk responded that the rebate is not new, but provided at the promoting of the towns, it is being specified at a minimum \$20 a ton. He said absent this proposal there would be exactly the same money available to the Board for rebates.

Director Martland said for many years CRRA collected a great amount of money but gave it as a bonus to the towns at the end of the fiscal year, the towns were provided with the money because of recycling efforts. He said the difference now is now that CRRA figured out what it is doing and because of the market can provide those funds up front.

Director Stein asked why this was not made available six months ago. Mr. Kirk replied that it was. He explained the way it was made available was in the MSA's with a rebate at a to-be-determined amount. Mr. Kirk said the to-be-determined amount was a result of CRRA always using a net cost of operations. He said the towns were comparing an unknown figure with solid numbers from other offers yielding a flawed comparison.

Director Wawruck said everything he has been hearing was that CRRA would be offering a \$5 - \$10 rebate and only recently he has been hearing \$20. He asked if the \$20 rebate is a guarantee for the life of the contract. Director Griswold responded through 2018. Directors Wawruck asked what will suffer within the budget in order to offer the rebate. He asked how that will impact the municipalities.

Mr. Kirk said if this year CRRA is able to comfortably pay the anticipated \$20 a ton, and if the market goes down and CRRA's rebate as calculated goes to \$10, CRRA would be locked into a \$20 minimum. He said as a result more money will be coming from the solid waste tip fee revenue to pay that rebate. Chairman Pace recommended that the Board support Option 2 as he would rather take a look at giving the towns an extended option to deliver recyclables elsewhere.

Director Damer said he is comfortable with providing the opt-out option to the towns. He noted there are only estimated disposal fees for FY13 and FY17. Director Damer suggested using an estimated recycling rebate for FY13. He said there are no guarantees on disposal so why offer one for the recycling rebate. Director Damer said he is concerned that many member towns will take action based on what they think the Board may be doing at this meeting.

Chairman Pace said that CRRA should be providing the towns with the most and best options for the towns to act in their best interest. Director Stein agreed. He said it is an important part of this discussion. He said however; if CRRA is going to permit towns to opt-out unless CRRA offers some kind of a minimum rebate it will push towns to opt-out without maximizing tonnage.

Director Wawruck asked what the overall cost is to provide a \$20 rebate. Mr. Kirk replied approximately \$2 million, assuming 90,000 tons of Mid-Conn recycling, which may be less if some of the towns exit. Director Wawruck said in lean years that \$2 million will have to be found elsewhere. Chairman Pace asked what the privates are guaranteeing for recyclables. Director Wawruck said he had heard \$10 a ton for 5 years.

Director Stein said it seemed to him that the Board should approve or disprove the guaranteed \$20 a ton for the coming fiscal year and table subsequent years for further analysis. He said it sounded like the \$20 a ton is a very safe number based on the current year. Director Stein said CRRA owes the town enough data to make educated decisions today as later years are gambles. He said most town are fairly short sighted about setting a budget from year to year.

After substantial discussion over the benefits and draw backs of these offers the Board agreed to withdraw this motion.

**VOTE TO WITHDRAW THE RESOLUTION REGARDING MINIMUM REBATE**

Chairman Pace requested a vote to withdraw the resolution regarding the minimum rebate, a motion which was originally made by Director Martland and seconded by Director Griswold, both of whom agreed to withdraw the motion.

**WHEREAS**, CRRA has provided to the many Municipalities of Connecticut the opportunity to enter into Municipal Services Agreements (MSAs) for the disposal of waste and the processing of recyclables at an efficient, publically owned system operated by CRRA on a cost of service basis; and,

**WHEREAS**, Municipalities are encouraged by CRRA to consider their individual municipal interests in deciding the most beneficial providers of these important services; and,

**WHEREAS**, pursuant to the MSAs, CRRA agreed to provide Recycling Rebates to the Municipalities in order to encourage recycling, enhance the environment and implement the State Solid Waste Management Plan, and

**WHEREAS**, the MSAs do not presently provide for a minimum or assured Recycling Rebate or a minimum dollar amount for and Recycling Rebate provided; and

**WHEREAS**, all the Municipalities, haulers, commercial and residential waste generators benefit from and enjoy lower disposal costs when CRRA maximizes its facilities' MSW capacity utilization; and

**WHEREAS**, CRRA's capacity utilization is maximized when municipalities participate with Tier 1 Municipal Services Agreements; and

**WHEREAS**, Municipalities opportunity to participate in CRRA's Tier one MSA is enhanced by the adoption of an assured rebate for recyclables:

Therefore, be it

**RESOLVED:** That the Board of Directors acknowledge and approves of a revision to the CRRA Tier 1 MSA to provide for an assured rebate for recyclables delivered by Municipalities to CRRA facilities, substantially as presented and discussed at this meeting.

Director Kelly noted that she is inclined to vote against the withdrawal of the minimum rebate as she feels the Board is taking short sighted action. Director Stein asked when this resolution will be considered in terms of reasonable timing for the towns to make an educated decision. Mr. Kirk said his best suggestion would be that the Board pass option 2 which would give the towns the ability to move forward on their MSW contracts and postpone a decision on recycling if in fact CRRA is able to provide some more options. He said a revised version should be available for the Board's consideration next meeting.

Chairman Pace said this is a policy decision and as a result may be going to the Policies & Procurement Committee in addition to the Finance Committee.



Director Painter said an estimated year end rebate chart can certainly be provided for the member towns. He said October 1, 2011, is a short deadline and suggested that management push it back. Mr. Kirk said management can put together an estimated five year rebate based on assumed commodity values and costs.

The motion to withdraw the above referenced motion was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Martland, Director Painter, Director Stein, and Director Wawruck voted yes. Director Kelly and Director Slifka voted no.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly		X	
Ted Martland	X		
Scott Slifka		X	
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			X
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**RESOLUTION REGARDING OPTIONAL RECYCLING DELIVERIES**

Chairman Pace requested a motion regarding the above captioned item. Vice-Chairman Jarjura made the following motion which was seconded by Director Martland:

**WHEREAS**, CRRA has provided to the many Municipalities of Connecticut the opportunity to enter into Municipal Services Agreements (MSAs) for the disposal of waste and the processing of recyclables at an efficient, publically owned system operated by CRRA on a cost of service basis; and,

**WHEREAS**, Municipalities are encouraged by CRRA to consider their individual municipal interests in deciding the most beneficial providers of these important services; and,

**WHEREAS**, pursuant to the MSAs, CRRA agreed to provide Recycling services to all municipalities in order to insure all towns have the means to deliver statutorily required services to their residents; and,

**WHEREAS**, the Tier 1 Long and Short term MSAs presently require Municipalities to utilize CRRA recycling services; and,

**WHEREAS,** Municipalities may be able to identify and utilize recycling services offered by others that are more cost effective to the Municipality while still meeting their statutory responsibility; and,

**WHEREAS,** Some Municipalities have indicated a preference for CRRA to provide for an option for Municipalities deliver only solid waste to CRRA and delivering Municipal recyclables elsewhere; and,

**WHEREAS,** all the Municipalities, haulers, commercial and residential waste generators benefit from and enjoy lower disposal costs when CRRA maximizes its facilities' MSW capacity utilization; and,

**WHEREAS,** CRRA's capacity utilization is maximized when municipalities participate with Tier 1 Municipal Services Agreements;

Therefore, be it

**RESOLVED:** That the Board of Directors acknowledges and approves of a revision to the CRRA Tier 1 MSA providing an option allowing Municipalities to deliver recyclables to other than a CRRA facility, substantially as presented and discussed at this meeting.

Mr. Kirk said that this resolution is a great idea which gives the towns more options at no cost.

Director Kelly said CRRA knows that the recyclables are a core business responsibility. Chairman Pace said she is correct but noted CRRA is driving MSW away because the private market place is able to offer the \$19 rebate. He said there are two different markets competing. Director Kelly agreed. She said CRRA should be bold.

The motion previously made and seconded was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Slifka, Director Stein, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Scott Slifka	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

## **RECESS**

Chairman Pace said the Board would take a short recess. The recess began at 1:08 p.m. and ended at 1:18 p.m.

## **PRESIDENT'S REPORT**

Mr. Kirk said all of CRRA's facilities have operated without significant safety, environmental or public health issues. He said tonnage continues to be flat as a result of the economy. Mr. Kirk said increased availability of the plant has resulted in some fuel shortage shut-downs which is very unusual in the summer.

Mr. Kirk said that energy production is steady from a reliability standard however; the shortage of fuel has had a negative effect. He said recycling is up about 9% at the Mid-Conn facility and down about 30% in the Southwest. Mr. Kirk said the reduction in the Southern towns is heavily influenced by a number of towns which have left the project since the prior year.

Mr. Kirk said the Southwest is experiencing a modest surplus. He said Mid-Conn unaudited June FY'11 is experiencing a modest favorable variance and revenues have also been modestly favorable. Mr. Kirk said management has been optimistic concerning MDC's recent cooperation in the operation transition at the Mid-Conn facility. He said management is still very concerned about the information being provided to MDC employees as those employees are stating they do not know what their options are.

Director Damer asked what the deadline for MDC employees to submit a letter of interest to NEAS is. Mr. Kirk replied October 3, 2011. He said around 22 have been submitted so far and a letter of interest is required in order to receive a job offer. Mr. Kirk said by the end of the day October 3, 2011, firm acceptances of offers will be received. He said management's concern is whether those MDC employees will have their options laid out fully and comprehensively by the time they need to decide whether or not to take the NAES offer.

Mr. Egan said management believes that this information is being distributed to the MDC employees. He said management does not expect to see more than thirty MDC employees provide notice of interest to NEAS out of about 75 employees.

Mr. Kirk said management will be asking the Board to sign a letter to the CT DEP asking it to reconsider a permit condition which requires CRRA to dump and inspect a large percentage of the loads that come across the scale. He said management has some safety concerns. Mr. Kirk said if floor inspections are required management would like to minimize them for safety reasons. Mr. Kirk said the industry is seeing a spike of fatalities nationwide and management considers that a warning to look at the procedures. He said the process CT DEP is now mandating causes more people to be on the floor than management feels is warranted.

Mr. Kirk said management is pursuing changes to the SWEROC treatment of recyclables. He said currently management is dissatisfied with the present arrangement which trans-loads recyclables up to Hartford. Mr. Kirk said although costs are being recovered there is a lot of money being used to

transport recyclables which management would rather be used for rebates to the towns. Mr. Kirk said management is re-evaluating a low tech minimum capitalization approach to utilize the existing facility using a high labor intensive picking process which will allow SWEROC to process as an IPC at a lower tonnage level. He said this may be a way to get a better performance financially. Mr. Kirk said if CRRA is not able to do this there is a good chance that several towns will find an option better than the zero tip fee cost SWEROC offers.

Director Edwards said he is under considerable pressure to exercise SWEROC's bidding option at the end of the year. He said that is primarily coming from lobbying from CRRA's competitor in Shelton. Mr. Kirk said management understands that if there is a way to get the town's what they need through the private sector our statute requires CRRA to do that however; we do want to have a presence so there is always a public option.

Director Painter asked what percentage of non-processible waste gets dumped in the recycling area. Mr. Kirk replied less than 4% at CRRA's facilities.

### **EXECUTIVE SESSION**

Chairman Pace requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, security matters, pending RFP's, and feasibility estimates and evaluations, and real estate acquisition with appropriate staff. The motion, made by Director Damer and seconded by Director Martland, was approved unanimously. Chairman Pace asked the following people join the Directors in the Executive Session:

Tom Kirk  
Jim Bolduc  
Peter Egan  
Laurie Hunt

The motion to move into Executive Session was approved unanimously by roll call.

The Executive Session began at 1:31 p.m. and concluded at 1:38 p.m. Chairman Pace noted that no votes were taken in Executive Session.

The meeting was reconvened at 1:38 p.m., the door to the Board room was opened, and the Board secretary and all members of the public (of which there were none) were invited back in for the continuation of public session.

The motion to move into Executive Session was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Edwards, Director Kelly, Director Martland, Director Painter, Director Stein, Director Slifka, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Donald Stein	X		
Scott Slifka	X		
<b>Ad-Hocs</b>			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**MOTION TO ADD AN ITEM TO THE AGENDA REGARDING EXECUTION OF A SETTLEMENT AGREEMENT AND RELEASE WITH CHARTIS SPECIALTY INSURANCE COMPANY a/k/a AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY**

Chairman Pace requested a motion to add an item to the agenda concerning execution of a settlement agreement and release with Chartis Specialty insurance Company a/k/a American International Specialty Lines Insurance Company. The motion to add the before mentioned item to the agenda was made by Vice-Chairman Jarjura and seconded by Director Martland.

The motion was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Stein, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**RESOLUTION REGARDING EXECUTION OF A SETTLEMENT AGREEMENT AND RELEASE WITH CHARTIS SPECIALTY INSURANCE COMPANY a/k/a AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY**

Chairman Pace requested a motion regarding the above captioned item. Vice-Chairman Jarjura made the following motion which was seconded by Director Martland:

**RESOLVED:** That the Board of Directors of the Authority hereby approves the settlement of all issues related to the dispute between the Authority and Chartis Specialty Insurance Company a/k/a American International Specialty Lines Insurance Company (“Chartis”) regarding coverage in the matter of New Hartford et al. v. Connecticut Resources Recovery Authority, substantially in the form presented and discussed during this meeting; and

**FURTHER RESOLVED:** That the President of the Authority is hereby authorized to execute a Settlement Agreement and policy release with Chartis, substantially in the form presented and discussed during this meeting, and to take all actions and to execute any and all other documents required in connection with the proposed settlement of this matter.

The motion was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Griswold, Director Kelly, Director Martland, Director Painter, Director Stein, and Director Wawruck voted yes.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Chairman Pace	X		
Vice-Chairman Jarjura	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Ted Martland	X		
Donald Stein	X		
<b>Ad-Hocs</b>			
Bob Painter, Mid-Ct	X		
Steve Wawruck, Mid-Ct	X		

**ADJOURNMENT**

Chairman Pace requested a motion to adjourn the meeting. The motion to adjourn was made by Director Martland and seconded by Vice-Chairman Jarjura and was approved unanimously.

There being no other business to discuss, the meeting adjourned at 1:42 p.m.

Respectfully Submitted,

Moira Benacquista  
Board Secretary/Paralegal